

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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STADIS////////////////////////////////////

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJECT: PACIFIC LIGHTING/PG AND E LNG CONTRACT

1. TALK WITH O'ROURKE OF SOUTHERN CALIFORNIA GAS SUGGESTS
THAT SECURING U.S. APPROVALS FOR INDONESIAN LNG IMPORTS
REMAINS AN ALMOST SISYPHEAN TASK.

2. HEARINGS BY FPC EXAMINER ARE STILL IN PROGRESS AND
MAY NOT BE CONCLUDED NOW UNTIL MID-FEBRUARY. FPC STAFF
HAS YET TO COMPLETE ITS ENVIRONMENTAL IMPACT STUDY. ONCE
THIS IS GIVEN TO EXAMINER, PARTIES AT INTEREST WILL STILL
HAVE CHANCE TO COMMENT ON IT. LEINBACH OF LEHMAN BROTHERS
HAS YET TO TESTIFY ON PERTAMINA'S FINANCIAL SITUATION.
CALIFORNIA PUBLIC UTILITIES COMMISSION, AND PROBABLY
CALIFORNIA ENERGY COMMISSION, HAVE ASKED TO SPEAK, AND
THERE MUST BE OPPORTUNITY FOR CROSS-EXAMINATION. FEA
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WILL LIKELY WISH TO INTRODUCE INTO RECORD ERC POLICY
ANNOUNCED ON AUG 5 ON LNG IMPORTS. COAST GUARD AND MARAD
MAY ALSO WISH TESTIFY.

3. FOLLOWING END OF HEARINGS, THERE WILL BE TIME FOR
SUBMISSION OF MORE BRIEFS AND ANSWERING BRIEFS BEFORE

EXAMINER FINALLY RETIRES ON OR ABOUT MARCH 31 TO DELIBERATE. HIS DECISION WILL BE ISSUED, HOPEFULLY, BY

END OF MAY. THEN ANOTHER MONTH OF LAWYERS' COMMENTARIES CAN BE ANTICIPATED BEFORE DOSSIER IS FINALLY GIVEN TO FULL COMMISSION. LATTER WILL PROBABLY ALSO BE RECEIVING ABOUT SAME TIME DOSSIERS ON TRUNKLINE AND EASCO II CASES INVOLVING LNG IMPORTS FROM ALGERIA. O'ROURKE NOW TALKS OF AN FPC DECISION IN FALL OF 1977, BUT ADMITS THAT COMMISSION HAS TAKEN UP TO A YEAR TO DECIDE.

4. ON DEC 6 U.S. SUPREME COURT UPHELD A 1974 FPC RULING, A PRECURSOR TO JUNE 4, 1976 FPC ORDER DESCRIBED IN STATE

168687. RULING IN 1974 REQUIRES AN IMPORTER OF CANADIAN GAS TO SEEK FPC APPROVAL TO PASS ALONG EACH CANADIAN PRICE INCREASE, WHICH IMPORTER PREVIOUSLY HAD BEEN ABLE TO DO AUTOMATICALLY. O'ROURKE STATES PLC AND PG AND E PRESENTATION TO FPC IS STILL BASED ON A DIRECT (AUTOMATIC) FLOW-THROUGH OF ANY PRICE INCREASES FROM PERTAMINA. HE IS NOT AWARE HOW PLC/PG AND E LAWYERS REGARD DEC 6 SUPREME COURT DECISION AND WHETHER CIRCUMSTANCES OF CANADIAN GAS IMPORTER CASE ARE APPLICABLE TO IMPORTS OF INDONESIAN LNG. IF AUTOMATIC PRICE PASS-THROUGHS ARE NO LONGER PERMISSIBLE, THIS WOULD PROBABLY REQUIRE A RENEGOTIATION OF PURCHASE CONTRACT WITH PERTAMINA.

5. SITUATION IN CALIFORNIA, MEANWHILE, IS STILL COALESCING. ENERGY (GOGGINS) COMMITTEE IN LEGISLATURE HAS APPARENTLY FINISHED ITS HEARINGS ON LEGISLATION GOVERNING LIMITED OFFICIAL USE

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THE SITING, OPERATION AND SUPERVISION OF LNG IMPORT TERMINALS. COMMITTEE STAFF, HOWEVER, STILL LACKS FIRM GUIDANCE FROM GOGGINS ON FINDINGS IT SHOULD REACH, AND FURTHER HEARINGS MIGHT STILL BE HELD. GOGGINS REPORTEDLY STILL INTERESTED IN NOTION OF OFFSHORE LNG RECEIVING TERMINALS, DESPITE TESTIMONY GIVEN BY PLC, PG AND E AND OTHERS THAT THIS WOULD DELAY WHOLE PROJECT BY TWO YEARS WHILE NEW ENGINEERING STUDIES AND DESIGNS AND NEW ENVIRONMENTAL IMPACT STUDIES ARE PREPARED. FYI. POSSIBLE THAT SOMEONE FROM PERTAMINA MIGHT BE INVITED TO TESTIFY. END FYI. SIMULTANEOUSLY, O'ROURKE SENSES A JOCKEYING BETWEEN ENERGY COMMISSION, COASTAL COMMISSION, AND OTHER EXECUTIVE BRANCH AGENCIES TO GET INTO ACT, TOO.

6. ASKED ABOUT TANKER SITUATION, O'ROURKE REPLIED THAT OGDEN AND ZAPATA (TWO OF THREE COMPANIES CHARTERING TANKERS TO PACIFIC LIGHTING MARINE CO.) ARE ON VERGE OF SIGNING CONSTRUCTION CONTRACTS FOR SIX TANKERS WITH AVONDALE,

LOUISIANA YARD.
ROBINSON

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